Canadian Transportation Agency

Office des transports du Canada

Canadian Transportation Agency

2012-2013

Departmental Performance Report

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Minister of Transport

Canada

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Message from the Chair and Chief Executive Officer

I am pleased to present the Canadian Transportation Agency's 2012-2013 Departmental Performance Report.

As we wrap up the second year of our 2011-2014 Strategic Plan, I can report that we have made significant progress on reaching our objectives.

By staying focused on what matters, the Agency has successfully delivered on its strategic actions, operational plans and service commitments while meeting the challenges associated with new responsibilities. This achievement would not have been possible without the dedication and hard work of our employees and Members.

Focused on our clients

Straightforward processes, clearly explained – this is what our clients expect, and this is what we are working to deliver.

Over the past year, we continued to simplify our processes and develop new ways to be more efficient. We have expanded our range of interpretation notes and resource tools so our clients better understand how we work and how they can use our services effectively.

We also continued to seek out opportunities, whether through surveys, outreach or consultations, to engage our clients and stakeholders. Our commitment to open dialogue and continuous improvement contributed to an impressive 75 percent client satisfaction rating in our most recent survey.

Key achievements

I would like to highlight just a few of our achievements. This year, we:

- developed and implemented new *Air Transportation Regulations* requirements for air services price advertising, resulting in greater transparency for consumers and a more level playing field for the industry;
- modified the Western Grain Revenue Cap program to improve its efficiency and incorporate the outcomes of two significant Agency decisions on the pension costs and cost of capital for federal railway companies;
- developed and widely distributed an enhanced and user-friendly edition of *Fly Smart*, a popular publication for air travellers;

- produced numerous resource tools to facilitate citizens' access to the Agency's dispute resolution services;
- published a new code of practice and resource tool to help improve accessibility of air terminals that are not part of the National Airports System;
- reduced the overall time to resolve disputes;
- launched an awards and recognition program to recognize employee accomplishments and sustain employee pride in the quality of their work; and
- produced a new Agency Code of Values and Ethics, shaped by staff ideas and feedback, to ensure our actions reflect Public Service values.

We remain committed to delivering exceptional service as a quasi-judicial tribunal and economic regulator and to supporting a competitive, efficient and accessible federal transportation network.

I encourage you to review this Report and to take note of what the Canadian Transportation Agency has accomplished in 2012-2013.

Geoffrey C. Hare
Chair and Chief Executive Officer

Section I: Organizational Overview

Raison d'être

The Canadian Transportation Agency is an independent, quasi-judicial tribunal and economic regulator. It makes decisions and determinations on a wide range of matters within the federal transportation system under the authority of Parliament, as set out in the *Canada Transportation Act* and other legislation.

Our mandate includes:

- Economic regulation, to provide approvals, issue licences, permits and certificates of fitness, and make decisions on a wide range of matters involving federal air, rail and marine transportation.
- Dispute resolution, to resolve complaints about federal transportation services, rates, fees and charges.
- Accessibility, to ensure Canada's national transportation system is accessible to all persons, particularly those with disabilities.

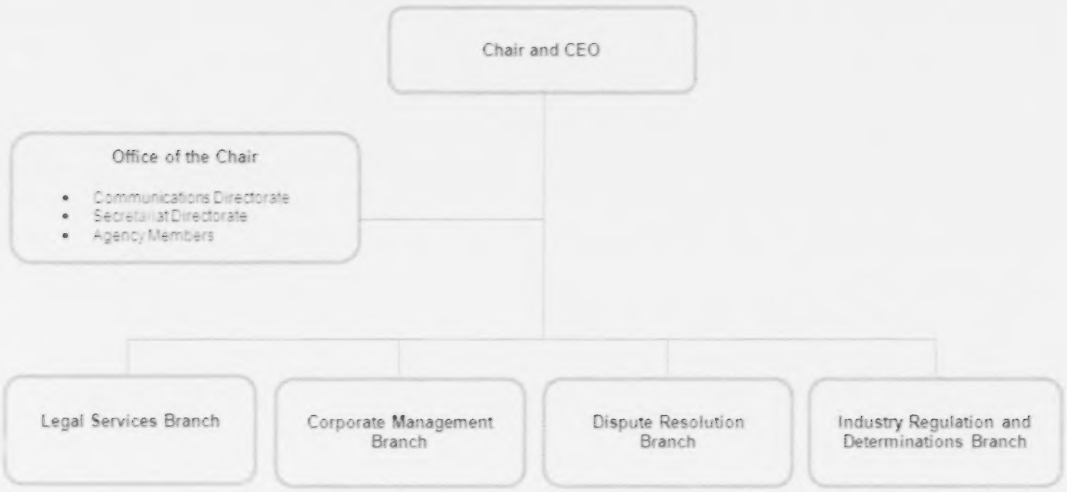
Responsibilities

In meeting its responsibilities, the Agency continuously sets and strives to achieve high performance standards. Education and consultation are integral to the Agency's effectiveness in carrying out its mandate. The Agency works closely with transportation service users and providers in Canada, and with other directly affected stakeholders. It helps travellers, shippers, carriers, municipalities and others to fully understand not only their rights and obligations under the *Canada Transportation Act* and other statutes and regulations, but also the Agency's roles and responsibilities.

When appropriate, the Agency encourages parties to resolve disputes informally before issues escalate and impact the transportation system. The Agency consults broadly on issues that are important to the transportation industry. By remaining open and by listening to all affected parties, the Agency ensures that its decisions are both responsive and responsible.

The Agency exercises its powers through its members, who are appointed by the Governor-in-Council (GIC): the GIC may appoint up to five full-time Members, including the Chair and Chief Executive Officer (CEO), and the Vice-Chair. The Minister of Transport can also appoint up to three temporary Members.

The Chair and CEO is accountable for the Agency's three programs. The Vice-Chair replaces the Chair and CEO during his absence. All Agency Members, as independent decision-makers, are accountable for making quasi-judicial decisions on matters before the Agency.

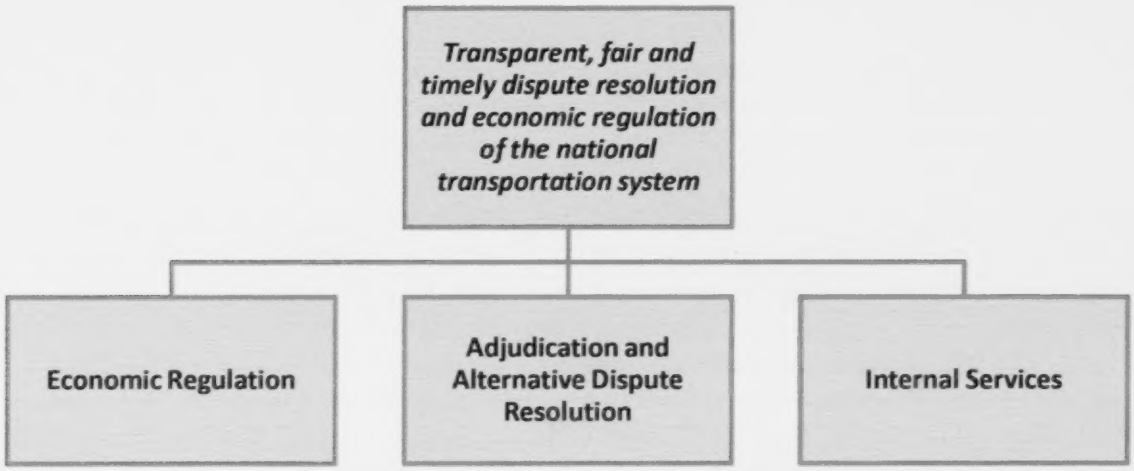


The Agency's organizational structure is composed of four branches: the Dispute Resolution Branch, the Industry Regulation and Determinations Branch, the Legal Services Branch, and the Corporate Management Branch, as well as the Office of the Chair and CEO. The heads of each branch, as well as of the Communications Directorate and the Secretariat Directorate, report directly to the Chair and CEO.

The Agency's headquarters are located in the National Capital Region. Agency personnel working in field offices in six cities across Canada carry out air and accessibility enforcement activities. The Agency's role and structure are described on its website.[i]

Parliament funds the Agency through an operating expenditures vote. The Agency operates within the context of the very large and complex Canadian transportation system.[ii]

Strategic Outcome and Program Alignment Architecture*


Transparent, fair and timely dispute resolution and economic regulation of the national transportation system
Economic Regulation
Adjudication and Alternative Dispute Resolution
Internal Services

Strategic Outcome – *Transparent, fair and timely dispute resolution and economic regulation of the national transportation system*	
Program	**Expected Results**
Economic Regulation	Economic and other interests of transportation users, service providers and other affected parties are protected through timely and effective intervention
	Service providers (air, rail and marine) comply with regulatory requirements
	The Canadian National Railway Company (CN) and the Canadian Pacific Railway Company (CP) are provided with the information required to ensure they do not exceed the maximum grain revenue entitlements for the shipment of Western grain
Adjudication and Alternative Dispute Resolution	Access to specialized transportation dispute resolution that is transparent, fair and timely
Internal Services	Support the needs of programs and other corporate obligations of the Agency

* The *Policy on Management, Resources and Results Structures*[iii] recently underwent changes that came into effect April 1, 2012[iv]. Updates have been made to the MRRS nomenclature. Specifically:

"Program Activity Architecture" becomes "Program Alignment Architecture" (PAA);

"Program Activity" becomes "Program";

"Sub-Activity" becomes "Sub-Program"; and

"Sub-Sub-Activity" becomes "Sub-Sub-Program"

Collectively, all elements of the PAA are referred to in this document as "programs." The lower-case "p" indicates that all or any Programs, Sub-Programs, and Sub-Sub-Programs are being referred to.

Organizational Priorities

The Agency's 2011-2014 Strategic Plan sets out how its three organizational priorities – Client Service, Regulatory Regime Renewal, and People – contribute to the strategic outcome.

Priority	Type[1]	Strategic Outcome and Programs
Client Service The Agency's dispute resolution services are high quality, and its clients are well informed and served in a responsive and timely manner.	Previously committed to	**Strategic Outcome** Transparent, fair and timely dispute resolution and economic regulation of the national transportation system **Programs** Adjudication and Alternative Dispute Resolution Internal Services
Summary of Progress		
In 2012-2013, the Agency continued to pursue the objectives in its 2011-2014 Strategic Plan. To improve the efficiency of its case management practices, the Agency used innovative methods, such as combining case proceedings when possible, developing decision-making tools and templates, and delegating administrative issues to staff. The Agency also made significant progress in modernizing, streamlining and simplifying its General Rules, which contain the procedures and timelines applied for formal adjudication. New resource tools were developed to help clients more easily access and understand the Agency's dispute resolution services. For example, the Agency redeveloped a new, enhanced edition of *Fly Smart*, a resource tool for air travellers and developed user-friendly resource tools for resolving accessibility disputes. The Agency expanded the use of alternative dispute resolution mechanisms and promoted their use by issuing a new mediation resource tool, by expanding its list of arbitrators; and by facilitating or mediating 93 percent of 421 disputes, of which 370 were air travel-related and settled within 90 days. The overall time for resolving disputes was reduced, and through the latest client satisfaction surveys, the Agency obtained valuable and highly positive feedback. In addition, the Agency reached out to clients and stakeholders to better understand industry needs and identify opportunities to improve service delivery.		

[1] Type is defined as follows: **previously committed to**—committed to in the first or second fiscal year prior to the subject year of the report; **ongoing**—committed to at least three fiscal years prior to the subject year of the report; and **new**—newly committed to in the reporting year of the RPP or DPR. If another type that is specific to the department is introduced, an explanation of its meaning must be provided.

Priority	Type	Strategic Outcome and Programs
Regulatory Regime Renewal The Agency's regulatory and non-regulatory approaches and their administration are up-to-date, well understood and delivered effectively and efficiently.	Previously committed to	**Strategic Outcome** Transparent, fair and timely dispute resolution and economic regulation of the national transportation system **Program** Economic Regulation
Summary of Progress		
In 2012-2013, the Agency continued to pursue the objectives in its 2011-2014 Strategic Plan. This year, the Agency increased transparency for consumers by developing and implementing new *Air Transportation Regulations* requirements for air services price advertising. In addition, the Western Grain Revenue Cap program was modified to improve its efficiency and to incorporate the outcomes of two significant Agency decisions on pension costs and cost of capital for federal railway companies. To increase the transparency of the regulatory regime as well as its own procedures, the Agency released interpretation notes and guidelines related to air services price advertising requirements, determination of the net salvage value for railway lines, and requirements to hold an air licence. The Agency's other efforts to increase transparency included issuing air carrier signage requirements for the public inspection of tariffs, and a new code of practice and resource tool directed at the accessibility of air terminals that are not part of the National Airports System. To improve the efficiency and timeliness of its client service and administration of regulatory responsibilities, the Agency enhanced and streamlined several business processes. As a result, the Agency discovered additional areas of improvement, allowing it to reallocate resources to meet new mandates assigned to the Agency in Budget 2012. The Agency also continued to play a leadership role in updating the International Civil Aviation Organization's guidance material and standards for travellers with disabilities.		

Priority	Type	Strategic Outcome and Programs
People Agency employees are engaged, knowledgeable, respected and provide excellent service.	Ongoing	**Strategic Outcome** Transparent, fair and timely dispute resolution and economic regulation of the national transportation system **Programs** Economic Regulation Adjudication and Alternative Dispute Resolution Internal Services
Summary of Progress		
In 2012-2013, the Agency continued to pursue the objectives in its 2011-2014 Strategic Plan. To continue to support its workforce, the Agency launched a new awards and recognition program that honours employee accomplishments and sustains employee pride in the quality of their work. The Agency also implemented a web content management system on its intranet to improve internal communication through more dynamic content and easy-to-use work tools. The Agency successfully launched a new Code of Values and Ethics, shaped by staff feedback that reflects public service values. To support growth, the Agency provided employees with competency profiles and learning roadmaps to help them self-assess their own competencies in relation to their current job, identify training needs, and plan for future development. The Agency also maintained its full curriculum of customized in-house training courses to ensure employees have the training and information they need. To enhance the skills of employees with supervisory responsibilities, the Agency began providing courses to enhance active listening, conflict resolution, and workplace communications. The Agency also continued to enhance communications tools to support its people-related strategic objectives. Senior management also led the implementation of action plans that responded to feedback from the 2011 Public Service Employee Survey. Corporate management and oversight activities were refined to respond to government priorities such as Public Service Renewal and the Management Accountability Framework.		

Risk Analysis

Risk	Risk Response Strategy	Link to Program Alignment Architecture	Link to Organizational Priorities
Loss of reputation as a respected and trusted tribunal and economic regulator (identified in 2012-2013 RPP)	• Engage in ongoing dialogue with clients and stakeholders and addressing their concerns • Effectively document, draft and support Agency decisions • Regularly monitor the legal risk management framework • Have strong regulatory frameworks and governance structures with up-to-date regulations, guidelines and codes of practice • Participate in internal audits conducted by the Office of the Comptroller General through the Small Department and Agencies Audit Committee to identify areas for improvement • Demonstrate a strong and compelling performance record through the Agency's Program Activity Architecture, RPP, DPR and Performance Measurement Framework • Have a roster of properly trained and experienced in-house mediators • Proactively review processes and procedures to improve efficiency and effectiveness of decisions	**Strategic Outcome:** Transparent, fair and timely dispute resolution and economic regulation of the national transportation system **Programs:** Economic Regulation Adjudication and Alternative Dispute Resolution Internal Services	Client Service Regulatory Regime Renewal
Resource reductions and constraints that would challenge the Agency's ability to deliver its mandate or respond to changes in government policy (identified in 2012-2013 RPP)	• Be proactively involved in legislative and regulation change process • Actively monitor industry-related events and communications to gather intelligence on evolving trends in transportation and relevant policy developments • Act to address client satisfaction survey results and continue to monitor feedback through subsequent surveys • Monitor, gather and share intelligence on government changes (e.g. performance and financial reporting, shared services, human resources) • Participate proactively in shared services review of the Government of Canada • Effectively manage human and financial resources by implementing the Agency's HR Plan for the recruitment and retention of staff • Fully implement the Agency's Performance Measurement Framework and clearly link resources to the Program Alignment Architecture to ensure Agency's strategies and priorities are aligned with government policies • Implement case management tools; new technologies for service improvement such as e-services portal; expand client-oriented resources to	**Strategic Outcome:** Transparent, fair and timely dispute resolution and economic regulation of the national transportation system **Programs:** Economic Regulation Adjudication and Alternative Dispute Resolution Internal Services	Client Service Regulatory Regime Renewal People

Risk	Risk Response Strategy	Link to Program Alignment Architecture	Link to Organizational Priorities
	enhance client understanding of processes • Ensure effective communication between all levels		
Loss of business critical knowledge, information and expertise (identified in 2012-2013 RPP)	• Identify areas where the Agency is most vulnerable to the loss of business critical knowledge and expertise and encourage knowledge transfer and succession planning • Create pools of qualified candidates through development of generic competencies and developmental assignments • Develop a targeted recruitment strategy • Develop and maintain comprehensive procedures and manuals for retention of corporate knowledge • Continue implementing remaining Employee Working Group recommendations • Digitize paper-based orders and decisions • Implement IM/IT plan • Identify and address access to, and security and protection of, confidential information collected by the Agency • Implement Agency Code of Values and Ethics • Renew Informal Conflict Management System • Implement employee engagement framework • Implement development strategies such as the knowledge management, learning strategy, and the developmental assignment program	**Strategic Outcome:** Transparent, fair and timely dispute resolution and economic regulation of the national transportation system **Programs:** Economic Regulation Adjudication and Alternative Dispute Resolution Internal Services	Client Service Regulatory Regime Renewal People

The public service of Canada faces the challenge of enhancing services to Canadians during a time of demographic shifts and an environment of fiscal restraint. As a result, public service organizations are being encouraged to implement modern work environments where new technologies are embraced, to focus on innovation as a priority, to streamline rules and policies, and to rigorously manage risks.

In 2012-2013, the Agency met these challenges through efficiently allocating resources, and employing effective oversight and monitoring.

Loss of reputation as a respected and trusted tribunal and economic regulator

The 2012-2013 Client Satisfaction Survey reaffirms the Agency's reputation for excellent service. The results show that, regardless of the nature of their interaction, 75 percent of clients were satisfied with the overall quality of service, exceeding the 70 percent performance target set out in the Strategic Plan. This result demonstrates the public's high regard for the Agency as an

effective and trusted tribunal and economic regulator. This year, the Agency delivered excellent service and continued to build and maintain relationships. It also streamlined regulations and business processes and offered easy-to-understand dispute resolution processes.

Resource reductions and constraints that would challenge the Agency's ability to deliver its mandate or respond to changes in government policy

Since Budget 2010, the public service has operated in an environment of fiscal restraint. To manage within this environment, the Agency focused on careful budgeting and resource management, as well as aligning expenditures to corporate and strategic priorities. Throughout the year, the Agency managed its resources efficiently and effectively to ensure continuity in its operations.

Loss of business critical knowledge, information and expertise

To maintain a high level of service, the Agency has taken steps to retain corporate knowledge and expertise. In particular, Agency initiatives on targeted recruitment, staff development, and knowledge transfer will ensure that stakeholders and clients remain confident that employees can effectively deliver service. Additionally, the Agency took action to encourage employee training and development throughout 2012-2013.

Summary of Performance

Financial Resources – Total Departmental ($ thousands)

Total Budgetary Expenditures (Main Estimates) 2012–2013	Planned Spending 2012–2013	Total Authorities (available for use) 2012–2013	Actual Spending (authorities used) 2012–2013	Difference (Planned vs. Actual Spending)
27,279	29,419	29,812	28,701	-718

Human Resources (Full-Time Equivalents— FTEs)

Planned 2012–2013	Actual 2012–2013	Difference 2012–2013
257	240	-17

Performance Summary Table for Strategic Outcome and Program s ($ thousands)

Strategic Outcome: *Transparent, fair and timely dispute resolution and economic regulation of the national transportation system*

Program	Total Budgetary Expenditures (Main Estimates 2012–2013)	Planned Spending			Total Authorities (available for use) 2012–2013	Actual Spending (authorities used)			Alignment to Government of Canada Outcomes
		2012–2013	2013–2014	2014–2015		2012–2013[2]	2011–2012	2010–2011	
Economic Regulation	11,765	12,684	12,881	12,192	12,932	12,879	12,918	12,521	A fair and secure marketplace
Adjudication and Alternative Dispute Resolution	8,040	8,626	9,118	8,652	8,775	8,337	8,191	8,080	
Strategic Outcome Sub-Total	19,805	21,310	21,999	20,844	21,708	21,216	21,109	20,601	

* Numbers for each program include contributions to employee benefit plans.

[2] In order to align with departmental authorities by Program, as presented in Vol. II of the Public Accounts, services provided without charge amounts for employer's contribution to employee insurance plans, such as the Public Service Health Care Plan and the Public Service Dental Plan provided by the Treasury Board of Canada Secretariat, accommodations provided by Public Works and Government Services Canada, Workers' compensation provided by Human Resources and Skills Development Canada and legal services provided by the Department of Justice are not to be included in this figure. This information is presented in Departmental Financial Statements only.

Performance Summary Table for Internal Services ($ thousands)

Internal Services	Total Budgetary Expenditures (Main Estimates 2012–2013)	Planned Spending			Total Authorities (available for use) 2012–2013	Actual Spending (authorities used)		
		2012–2013	2013–2014	2014–2015		2012–2013	2011–2012	2010–2011
Total	7,474	8,109	7,885	7,335	8,105	7,485	8,199	8,189
* Numbers for each program include contributions to employee benefit plans.								

Total Performance Summary Table ($ thousands)

Strategic Outcome and Internal Services	Total Budgetary Expenditures (Main Estimates 2012–2013)	Planned Spending			Total Authorities (available for use) 2012–2013	Actual Spending (authorities used)		
		2012–2013	2013–2014	2014–2015		2012–2013	2011–2012	2010–2011
Total	27,279	29,419	29,884	28,179	29,812	28,701	29,308	28,790
* Numbers for each program include contributions to employee benefit plans.								

Explanation of variances

Between planned spending ($29.4 million) and total authorities ($29.8 million)

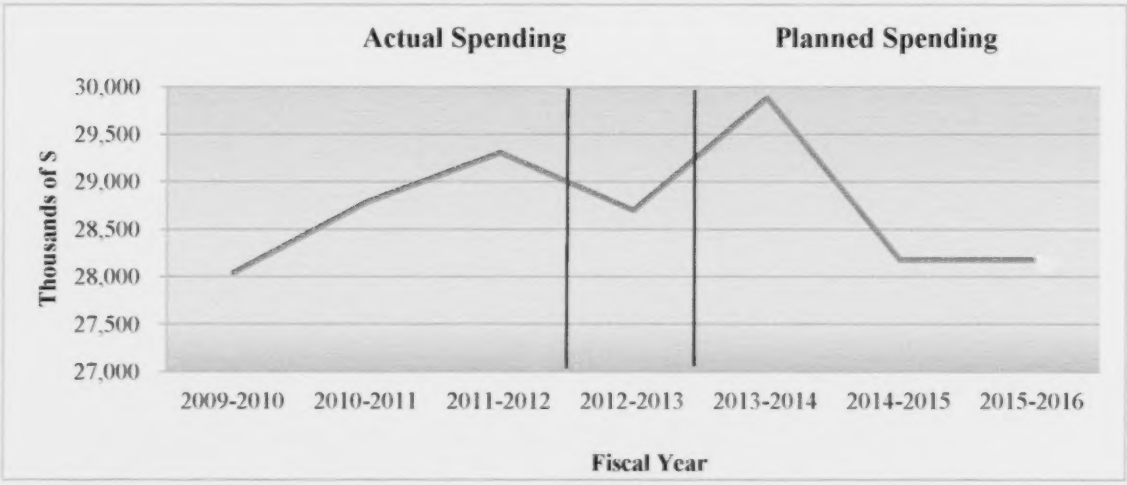
Planned spending for 2012-2013 was $29.4 million, whereas the total authorities for the Agency were $29.8 million, representing a difference of $0.4 million. This is primarily due to the amount received related to the operating budget carry forward, which was greater than the estimate identified in the RPP.

Between actual spending and total authorities: from $28.7 million to $29.8 million

The difference of $1.1 million is mainly due to some projects having been deferred and carried forward to 2013-2014.

Expenditure Profile

Departmental Spending Trend



The overall increase in spending of $1.3 million from 2009-2010 to 2011-2012 is mainly attributable to the reimbursement by Treasury Board Secretariat for the payout of severance pay and termination benefits related to the latest collective agreements and other salary-related items.

The total spending for 2012-2013 is lower than actual spending in 2011-2012 to $0.6 million, as we believe that there will be fewer expenses for the payout of severance pay and termination benefits related to collective agreements.

The increase in planned spending in 2013-2014 compared to 2012-2013 is mainly due to the estimated carryover of unused funds from 2012-2013.

Finally, for the period including the 2014-2015 to 2015-2016 fiscal years, total planned spending is lower than previous years, as we consider that the majority of the payouts for severance pay and termination benefits related to the latest collective agreements will have been made.

Estimates by Vote

For information on the Canadian Transportation Agency's organizational Votes and/or statutory expenditures, please see the *Public Accounts of Canada 2013 (Volume II)*. An electronic version of the Public Accounts 2013 is available on the Public Works and Government Services Canada website.[v]

Section II: Analysis of Programs by Strategic Outcome

Strategic Outcome: Transparent, fair and timely dispute resolution and economic regulation of the national transportation system

The Canadian Transportation Agency is both an economic regulator and a quasi-judicial tribunal. It regulates certain aspects of the national transportation network through the administration of laws and regulations. It also influences industry behaviour through voluntary codes of practice, and education and outreach programs. It adjudicates disputes between users of, service providers within, and others affected by the national transportation system, which, in the case of accessibility, includes extra-provincial bus services.

To successfully deliver its strategic outcome, the Agency divides its activities under three program headings: economic regulation, adjudication and alternative dispute resolution, and internal services.

Strategic Outcome: Transparent, fair and timely dispute resolution and economic regulation of the national transportation system		
Performance Indicators	**Targets**	**Actual Results**
Percentage of overall satisfaction with the quality of Agency service delivery	70%	75%
Percentage of discretionary rulings overturned by the Federal Court of Appeal or the Supreme Court of Canada on the basis of procedural fairness	0%	0%
Percentage of formal decisions published on the Agency's website within one business day	95%	99%

Results from the 2012-2013 Client Satisfaction Survey show that, regardless of the nature of their interaction, 75 percent of clients were satisfied with the overall quality of service. These high ratings compare well with 2011-2012 results and are well above the Agency's 70 percent performance target. In 2012-2013, the Federal Court of Appeal and the Supreme Court of Canada overturned no discretionary rulings on the basis of procedural fairness. In addition, the Agency published 99 percent of formal decisions on its website within one business day.

Program 1: Economic Regulation

The Agency helps to protect the interests of users, service providers and others affected by the federal transportation system through economic regulation of air, rail and marine transportation. It regulates air transportation and helps to protect the interest of the travelling public, shippers and Canadian air carriers by enforcing the *Canada Transportation Act* and related regulations, administering a licensing system, helping to negotiate bilateral agreements, and ensuring that terms and conditions of carriage are consistent with Canadian legislation. It develops regulations, codes of practice, standards, and educational and outreach programs to ensure that undue obstacles to the mobility of persons with disabilities are removed from the federal transportation system. It regulates the national rail system by issuing certificates of fitness allowing carriers to operate, approving rail line construction and overseeing the discontinuance of service, and it is involved in economic duties, such as the determination of interswitching rates and revenue caps for the movement of Western grain. It acts mainly as an economic regulator in marine transportation by administering legislation governing shipping conferences and allowing the use of foreign ships for coasting trade only when Canadian vessels are not available.

Financial Resources ($ thousands)

Total Budgetary Expenditures (Main Estimates) 2012–2013	Planned Spending 2012–2013	Total Authorities (available for use) 2012–2013	Actual Spending (authorities used) 2012–2013	Difference 2012–2013
11,765	12,684	12,932	12,879	195

Human Resources (FTEs)

Planned 2012–2013	Actual 2012–2013	Difference 2012–2013
113	108	-5

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Economic and other interests of transportation users, service providers and other affected parties are protected through timely and effective intervention	Percentage of satisfaction with economic regulation services[1]	To be determined (as per 2012-2013 PMF)	75%
Service providers (air, rail and marine) comply with regulatory requirements	Percentage of air carriers found to be non-compliant with essential market entry requirements	Less than 1%	0.4%
	Level of compliance with targeted regulatory and voluntary accessibility requirements	100%	**Regulatory:** 100% **Voluntary:** The Agency continued to monitor and work with the industry to improve their compliance in this area
CN and CP are provided with the information required to ensure they do not exceed the maximum grain revenue entitlements for the shipment of Western Grain	Number of times that either CN or CP have not exceeded their Western Grain revenue cap entitlement by more than 1% over the last 3 years	5/6	6/6

[1] Based on a rating scale of 1 (Very dissatisfied) to 5 (Very satisfied) reported as a percentage (i.e. 1 = 20%, 2 = 40%, 3 = 60%, 4 = 80%, 5 = 100%)

Performance Analysis and Lessons Learned

In 2012-2013, the Agency focused on achieving results in two critical areas – modernizing the regulatory regime and streamlining the administration of regulations.

Modernizing the regulatory regime

Air

The Agency conducted consultations in 2012-2013 on new industry requirements for air services price advertising that would improve price transparency for Canadian air travellers and promote fair competition in the air industry. Informed by this feedback, the *Air Transportation Regulations* were amended to require air carriers, travel agencies and other advertisers to advertise the total air prices inclusive of all taxes, fees, and charges. Subsequently, the Agency implemented a cooperative compliance program that ensured significant compliance with these new requirements. Additional amendments to Parts I and II (General and Licensing) and Parts

III and IV (Charters) of the *Air Transportation Regulations* aligned with the Cabinet Directive on Regulatory Management are ongoing, and are expected to be completed in 2013-2014.

The Agency also consulted the public and industry on the best approach to baggage rules for travel involving multiple air carriers. Presently, air carriers have inconsistent and sometimes incompatible baggage rules as a result of trends such as à la carte pricing, regulatory change and the desire to maximize revenue from baggage. The Agency expects to inform industry and the public in the fall of 2013 of how it expects carriers to apply interline baggage rules for transportation to, from, and within Canada.

In addition, the Agency issued interpretation notes to guide clients and stakeholders on topics such as air services price advertising and air carrier signage requirements for public inspection of tariffs. The Agency also published a notice to industry explaining what factors it considers in the granting of exemptions to carriers who wish to sell an air service before receiving a licence.

The Agency developed and consulted on interpretation notes on how it determines what constitutes a publicly available air service, as well as on who is the operator of an air service, both of which will be finalized in 2013-2014. The Agency also addressed a number of complex control-in-fact determinations in 2012-2013.

Rail

In 2012-2013, following a consultation with targeted stakeholders, the Agency published guidelines on the determination of the net salvage value of railway lines to assist railway companies that are discontinuing use of a railway line. These guidelines serve to inform and assist parties who are or could become involved in a net salvage value application.

This year, the Agency also took action on the topic of interswitching. A shipper can have its cars interswitched from one carrier to another at prescribed rates if the shipper's siding is within a certain distance of the interchange point. This gives the shipper a broader choice of carriers, even if it only has direct access to a single rail carrier. The Agency is responsible for setting the terms and conditions for interswitching, determining the rate charged per car and establishing distance zones. Following broad consultations in 2012-2013, the Agency has updated interswitching rates to ensure that they more accurately reflect the costs incurred by railway companies. The Agency is required to update the regulations at least every five years.

As an economic regulator, the Agency issues a number of railway-related cost determinations based on data supplied by railway companies. The *Uniform Classification of Accounts and Related Railway Records* (UCA) sets out accounting guidelines and instructions for reporting this information to the Agency. Although there were limited revisions in 2009 and 2010, the last substantive revision to the UCA was completed in 1998. The current review will align the UCA more closely with current industry practice and regulatory requirements. Following extensive consultation with stakeholders, the modernized UCA will be published by the end of 2013.

Work is ongoing internally to ensure that administrative penalties can be applied against railway companies when they fail to meet a requirement of an arbitrated level of service agreement, pursuant to Bill C-52. The Agency also reviewed the Guide for Railway Charges for Crossing Maintenance and Construction, which was released in July 2013.

Accessible Transportation

In 2012-2013, the Agency helped to make the federal transportation network more accessible through regulations, the design and promotion of codes of practice and technical guidelines, as well as through proactive communications and outreach to all stakeholders.

Amendments to the accessibility sections in Part VII of the *Air Transportation Regulations* and to the *Personnel Training for the Assistance of Persons with Disabilities Regulations* are ongoing and are scheduled to be completed in 2013-2014.

In March 2013, the Agency published a code of practice for smaller airports that are not part of the National Airports System (NAS). The Agency already had a code of practice for NAS terminals, which comprise 26 airports from coast to coast and handle 94 percent of air travellers in Canada. The new code of practice for non-NAS terminals will apply to airports that serve more than 10,000 passengers each year – over 90 terminals across the country. It has information about the physical aspects of terminals, disability-related services, personnel training and communication. A companion resource tool provides examples of best practices and tips to make facilities more accessible to persons with disabilities.

In 2012-2013, the Agency published a new resource tool – *Carriage of Mobility Aids On Board Planes, Trains and Ferries* – containing detailed information for travellers, travel agents and service providers on how to plan travel with a mobility aid, Canadian standards and regulations for accessible transportation and carriers' current policies and procedures. The Agency also produced a video to help carriers and terminal operators train their staff and contracted personnel on how to assist persons with disabilities. This e-learning material will help industry comply with the Agency's Personnel Training for the Assistance of Persons with Disabilities Regulations and the Agency's codes of practice. In addition, consultations were held for the purpose of developing resource tools about providing service to persons with disabilities who travel with an attendant or a service animal.

Streamlining the administration of regulations

Because transportation matters affect us all, the Agency is committed to finding new and innovative ways to consult with and engage Canadians. We want to not only ensure that our clients and stakeholders are well informed, but also that we understand and are responsive to their needs. Each year, the Agency conducts client satisfaction surveys to gauge its success as a client-centred organization. These surveys help us to better understand our clients' and stakeholders' needs and how our services can be continuously improved.

The Agency recognizes that a key to its effectiveness and success is the extent to which its initiatives – policies, regulations, guidelines and decisions – are grounded in current realities and are fair in balancing the interests of the transportation sector's many and diverse clients and stakeholders. The formal consultation process is one of the key tools the Agency uses to gather the insights it needs to do its work. These consultations allow us to better understand the perspectives of a wide range of citizens, stakeholders and experts to help the Agency develop more informed and effective dispute resolution and regulatory services, including the ongoing modernization and administration of the Agency's regulatory regime.

In 2012-2013, the Agency streamlined internal regulatory administrative processes, and completed reviews of two of its highest-volume regulatory processes: the air licensing application processes. The Agency is updating or creating guidelines and tools that describe its processes and information needs, reviewing and streamlining processes for regulatory applications, licences and permits, and implementing e-service channels for online delivery of regulatory services.

Lessons Learned

Although significant progress has been made, the ambitious program to modernize the Agency's regulatory regime has been more time consuming than expected. For example, much time was required to map and redesign well-established business processes while engaging employees in the exercise. Furthermore, meeting government expectations and goals related to the regulatory agenda has resulted in time adjustments to earlier plans. Nevertheless, this investment of time will reap great benefits in the coming years as it will help the Agency smoothly implement the new shared case management system.

Program 2: Adjudication and Alternative Dispute Resolution

The Agency helps to protect the interests of users, service providers and others affected by the national transportation system through access to a specialized dispute resolution system of formal and informal processes for rail, air and marine transportation matters within the national transportation system. Where possible, the Agency encourages the resolution of disputes through informal processes such as facilitation, mediation, and arbitration. As a quasi-judicial tribunal, the Agency also has the authority to issue decisions and orders on matters within its jurisdiction of federally-regulated modes of transportation through formal adjudication. It resolves disputes between the travelling public, shippers and Canadian air carriers over terms and conditions of air carriage and new or revised air navigational charges imposed by NAV Canada; disputes between travellers and transportation providers over undue obstacles to the mobility of persons with disabilities within the federally regulated transportation system; disputes between railway companies, shippers, municipalities, road authorities, and landowners over rail infrastructure matters and level of service; and disputes between vessel operators and port and pilotage authorities over charges for pilotage or fees fixed by port authorities.

Financial Resources ($ thousands)

Total Budgetary Expenditures (Main Estimates) 2012–2013	Planned Spending 2012–2013	Total Authorities (available for use) 2012–2013	Actual Spending (authorities used) 2012–2013	Difference 2012–2013
8,040	8,626	8,775	8,337	-289

Human Resources (FTEs)

Planned 2012–2013	Actual 2012–2013	Difference 2012–2013
71	67	-4

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Access to specialized transportation dispute resolution that is transparent, fair and timely	Percentage of satisfaction with Agency dispute resolution services[1]	TBD (as per 2012-2013 PMF)	75%

[1] Based on a rating scale of 1 (Very dissatisfied) to 5 (Very satisfied) reported as a percentage (i.e. 1 = 20%, 2 = 40%, 3 = 60%, 4 = 80%, 5 = 100%)

Performance Analysis and Lessons Learned

In 2012-2013, the Agency focused on achieving results in two critical areas: improving and modernizing dispute resolution services; and building constructive and positive relationships with clients to respond to their needs.

Dispute resolution services are of high quality

Clients and stakeholders have clearly indicated that they want more information about the Agency's processes. They also want these processes to be faster and simpler, as well as more predictable and transparent. In response, the Agency made significant progress in 2012-2013 towards revising its *General Rules*, with a view to modernizing, streamlining and simplifying them. In November 2012, the Agency held consultations on a draft of the revised *General Rules*. The comments have provided valuable input for consideration. The aim is for the revised *General Rules* to be published in the *Canada Gazette II* in the fall of 2013.

One of the Agency's key priorities in its 2011-2014 Strategic Plan is to increase awareness of, and access to, its alternative dispute resolution services, particularly mediation. To help clients better understand the Agency's mediation processes and decide if mediation is the right approach for them, the Agency published *Resolution of Disputes through Mediation – A Resource Tool*. Written in plain language, the tool helps make the Agency's services more accessible to all Canadians by walking readers through each step of the mediation process.

In 2012-2013, the Agency developed two new resource tools for parties involved in accessible transportation complaints – one for transportation service providers and the other for persons with disabilities. The publications explain the Agency's processes for resolving accessibility disputes and clarify the key questions addressed in formal adjudication:

- Is the applicant a "person with a disability" for the purposes of the *Canada Transportation Act*?
- Did the applicant encounter an obstacle in the federal transportation network?
- Was the obstacle undue?

Together, the tools will ensure that parties to a dispute are fully aware of their options and the Agency's processes, with the aim of reaching timely, effective and long-lasting resolutions.

The Agency has streamlined the processing of adjudicated disputes through triaging and delegating administrative issues to staff. In addition, employees continue to conduct post-mortems on significant, complex, adjudicated cases to identify areas for efficiency gains. In the area of alternative dispute resolution, the Agency established and documented procedures for arbitrating rail disputes, and continues to document and streamline processes for mediating complaints, including ensuring that services are inclusive for persons with disabilities. The Agency expanded the availability of teleconferencing services and continues to explore the use of video-conferencing with clients and stakeholders to resolve their complaints. The development of resource tools for facilitating dispute resolution as well as for guiding non-represented parties will help to ensure a high quality of client service.

Building constructive and positive relationships with clients and proactively responding to their evolving needs

An online communication forum is being developed to enhance communication with the Agency's Accessibility Advisory Committee, with a launch planned for fall 2013.

The Agency used feedback from the 2011-2012 client satisfaction survey to modernize and more efficiently administer the regulatory regime. As well, the Agency monitored service performance standards, and prepared and disseminated reports, including course correction plans.

To promote a better understanding of the *Canada Transportation Act* and Agency dispute resolution processes, the Agency met regularly on air, rail and marine issues with various carriers, shippers and industry associations, including the Air Transportation Association of Canada, the Rail Association of Canada, the Forest Products Association of Canada and the Shipping Federation of Canada.

The Agency successfully identified and monitored accessibility issues through its continued participation in the Intergovernmental Working Group on the Status of Persons with Disabilities and the Transportation Research Board.

The Agency continued to develop and implement an action plan to address feedback from the multi-modal consultative process on the accessibility of the federal transportation network.

To strive to resolve complaints in a timely manner, the Agency established a series of time-related performance targets. Impressively, the Agency achieved all of its targets except for complex cases due to successful outreach with industry, development of client-oriented resource

tools and streamlining of procedures. The target on complex cases was not met because of the novelty of issues, procedural complexities arising from the involvement of multiple parties, as well as the potential precedential value of the cases. To improve results on complex cases, the Agency is using project management techniques, templates and combined proceedings, as well as delegating administrative issues to staff. Overall, significant gains were made in reducing complaint processing time.

Lessons Learned

Continued emphasis on the development and distribution of resource tools to help Agency clients access helpful information about Agency programs and processes has resulted in one related to the resolution of disputes through mediation, and two related to accessible transportation complaints, one for persons with disabilities and another for service providers. These resource tools have been well received by the transportation industry, and the feedback that we have received from participants has shown that the clearer the explanations provided, the greater the likelihood of successful dispute resolution. For example, participants have appreciated the explanations about mediations via teleconference, where the dialogue must be more methodical, given that the parties are not able to communicate face to face.

Internal Services

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; Acquisition Services; and Travel and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program.

Financial Resources ($ thousands)

Total Budgetary Expenditures (Main Estimates) 2012–2013	Planned Spending 2012–2013	Total Authorities (available for use) 2012–2013	Actual Spending (authorities used) 2012–2013	Difference 2012–2013
7,474	8,109	8,105	7,485	-624

Human Resources (FTEs)

Planned 2012–2013	Actual 2012–2013	Difference 2012–2013
73	65	-8

Performance Analysis and Lessons Learned

In 2012-2013, the Agency reviewed and improved financial management, information management, information technology, and procurement practices to ensure the security and integrity of the Agency's information, assets and systems, and to comply with central agency direction and policies. To facilitate the transition to government-wide centralized service delivery, the Agency assessed opportunities to use shared corporate services, reengineered business processes, and implemented a new organizational structure.

The Agency developed a new integrated planning and reporting process. As a result, the Agency now benefits from simplified templates, such as for the annual action plan and mid-year review, and a coordinated approach to feedback between program branches and the Corporate Management Branch. Additionally, this sound planning process ensures that the Agency can meet the highest standards and can better allocate resources to support the new mandates it received in Budget 2012.

The Agency worked diligently to implement SAP in 2012-2013 for rollout at the start of 2013-2014. This ambitious project – started near the end of 2012-2013, with a mandated launch date of April 8, 2013 – required employees to amalgamate information from multiple systems into SAP. A comprehensive communications and training strategy ensured seamless change management during the transition period.

In 2012-2013, the Agency developed and implemented a new departmental security framework that provides for efficient and effective security management from the strategic to the tactical level.

The Agency engaged employees in the development of its new Code of Values and Ethics. This new code, launched in September 2012, reflects Agency workplace culture, as well as public service values. The code, along with the new Recognition and Awards program, contribute to the goal of maintaining a supportive workplace.

Finally, the Agency rolled out its intranet site on a new content management system. The new system makes it easier and more cost-effective to offer dynamic content, enable decentralized posting, and perform maintenance. The intranet includes a new search interface for forms and

policies, a new Finance and Planning page, and increased personalization and social features, such as commenting and employee profiles.

Lessons Learned
This year, the Agency received an assessment through the Management Accountability Framework (MAF) that reflected that the Agency has increased its capacity management with respect to innovation in the area of corporate services.

In particular, the Agency's new Departmental Security Plan was heralded as an example for other departments and agencies. While creating this plan, the Agency learned how to ensure comprehensive management of security risks.

Reengineering the integrated business planning and reporting process has enabled the Agency to be more efficient with its resources and to better control its budget – an important ability in a time of fiscal restraint. The Agency also reaffirmed the importance of having easy-to-access, comprehensive information to address corporate risks and make informed decisions. In fact, the Agency will use risks identified in the planning process to develop its 2014-2017 Strategic Plan. Finally the successful implementation of SAP highlighted the importance of integrating systems and of having access to up-to-date information.

Section III: Supplementary Information

Financial Statements Highlights

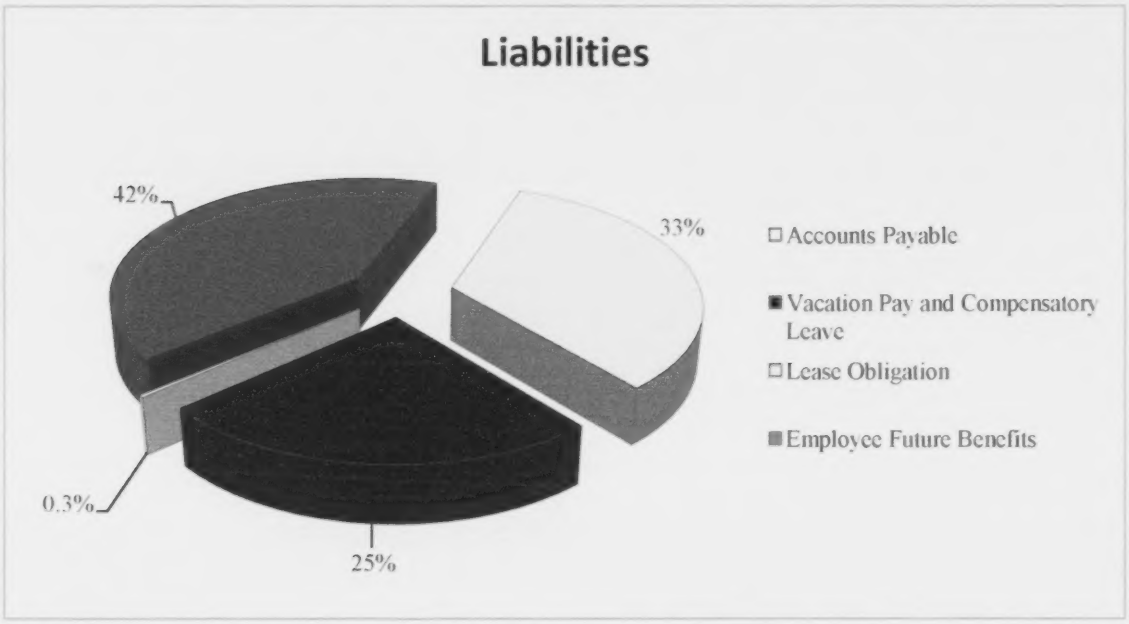
Condensed Statement of Operations and Departmental Net Financial Position

Canadian Transportation Agency Condensed Statement of Operations and Agency Net Financial Position (Unaudited) For the Year Ended March 31, 2013 ($ thousands)					
	2012–2013 Planned Results (Restated)*	**2012–2013 Actual**	**2011–2012 Actual**	**$ Change (2012–2013 Planned vs. Actual)**	**$ Change (2012–2013 Actual vs. 2011–2012 Actual)**
Total expenses	32,561	32,177	32,195	384	-18
Total revenues	0	0	0	0	0
Net cost of operations before government funding and transfers	32,561	32,177	32,195	384	-18
Departmental net financial position	-	-1,401	-1,865	-	464

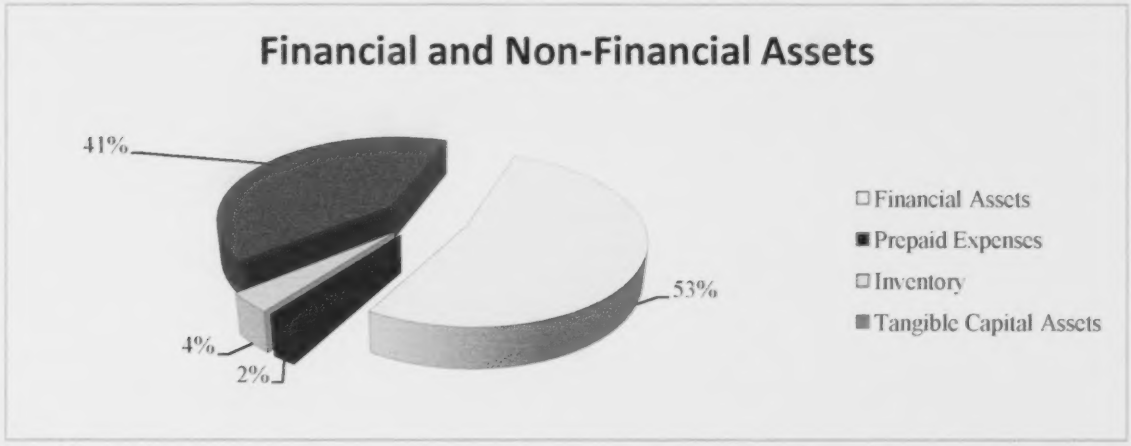
*The future-oriented financial statements for 2012-2013 have been restated to reflect the revenue net of non-respendable amounts. Further details on financial statements can be found on the Agency's website.[vi]

Condensed Statement of Financial Position

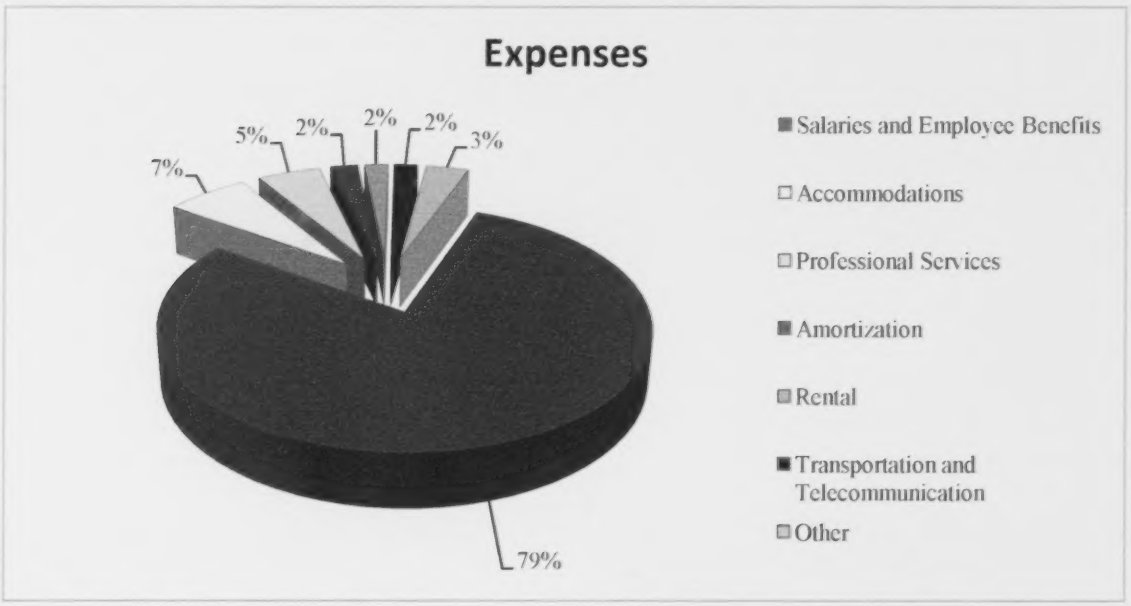
Canadian Transportation Agency Condensed Statement of Financial Position (Unaudited) As at March 31, 2013 ($ thousands)			
	2012–2013	**2011–2012**	**$ Change**
Total net liabilities	3,818	5,005	-1,187
Total net financial assets	1,277	1,338	-61
Departmental net debt	2,541	3,667	-1,126
Total non-financial assets	1,140	1,802	-662
Departmental net financial position	-1,401	-1,865	464



Total liabilities were $3.8 million at the end of 2012–2013, a decrease of $1.2 million (24 percent) over the previous year's total liabilities of $5.0 million. This decrease in the liabilities is mainly related to severance and termination benefits paid out in 2012-13 under the 'Employee Future Benefits' category. Employee future benefits and accounts payable represented the largest portion of total liabilities at $1.6 million and $1.3 million respectively.



Total financial and non-financial assets were $2.4 million at the end of 2012–2013, a decrease of $0.7 million (23 percent) over the previous year's total financial and non-financial assets of $3.1 million. This decrease is mainly due to amortization cumulated in 2012-13 on capital assets under the category 'Tangible Capital Assets' . Financial assets represented $1.3 million (53 percent), prepaid expenses represented $0.05 million (2 percent), Tangible capital assets represented $1.0 million (41 percent) while inventory represented 4 percent of total assets.



The Agency's total expenses were $32.1 million in 2012-2013, nearly the same total expenses as in the previous year. The majority of funds, $25.5 million or 79 percent, were spent on salaries and employee benefits, seven percent on accommodation, five percent on professional services and the remaining nine percent going towards transportation and telecommunication, repair and maintenance, rentals, materials and supplies, machinery and equipment.

Financial Statements

The Agency's financial statements can be found on the Agency's website.[vii]

Supplementary Information Tables

- Greening Government Operations
- Internal Audits and Evaluations
- Response to Parliamentary Committees and External Audits
- Sources of Respendable and Non-Respendable Revenue
- User Fees Reporting

All electronic supplementary information tables listed in the 2012-2013 Departmental Performance Report can be found on the Canadian Transportation Agency website[viii].

Tax Expenditures and Evaluations Report

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance publishes cost estimates and projections for these measures annually in the Tax Expenditures and Evaluations[ix] publication. The tax measures presented in the Tax Expenditures and Evaluations publication are the sole responsibility of the Minister of Finance.

Section IV: Other Items of Interest

Organizational Contact Information

For more information, please visit the Agency's website[x] or contact the Agency at:

Canadian Transportation Agency
Ottawa, Ontario, Canada
K1A 0N9
Tel: 1-888-222-2592
Fax: 819-997-6727
TTY: 1-800-669-5575

Email: info@otc-cta.gc.ca

Legislation and Regulations

The Agency shares responsibility for the following Acts:

- *Canada Transportation Act (S.C., 1996, c. 10, as amended)*
- *Access to Information Act (R.S.C., 1985, c. A-1)*
- *Canada Marine Act (S.C., 1998, c. 10)*
- *Civil Air Navigation Services Commercialization Act (S.C., 1996, c. 20)*
- *Coasting Trade Act (S.C., 1992, c. 31)*
- *Energy Supplies Emergency Act (R.S.C., 1985, c. E-9)*
- *Financial Administration Act (R.S.C., 1985, c. F-11)*
- *Official Languages Act (R.S.C, 1985, c. 31 (4th Supp.))*
- *Pilotage Act (R.S.C., 1985, c. P-14)*
- *Privacy Act (R.S.C., 1985, c. P-21)*
- *Public Service Modernization Act (S.C., 2003, c. 22)*
- *Railway Relocation and Crossing Act (R.S.C., 1985, c. R-4)*
- *Railway Safety Act (R.S.C., 1985, c. 32 (4th Supp.))*
- *Shipping Conferences Exemption Act, 1987 (R.S.C., 1985, c. 17 (3rd Supp.))*

The Agency has sole responsibility for the following regulations:

- *Air Transportation Regulations*
- *Canadian Transportation Agency Designated Provisions Regulations*
- *Canadian Transportation Agency General Rules*
- *Personnel Training for the Assistance of Persons with Disabilities Regulations*
- *Railway Costing Regulations*
- *Railway Third Party Liability Insurance Coverage Regulations*
- *Railway Traffic and Passenger Tariffs Regulations*
- *Railway Traffic Liability Regulations*

The Agency shares responsibility for the following regulations:

- *Carriers and Transportation and Grain Handling Undertakings Information*
- *Regulations*
- *Railway Company Pay Out of Excess Revenue for the Movement of Grain Regulations*
- *The Jacques-Cartier and Champlain Bridges Inc. Regulations*
- *The Seaway International Bridge Corporation, Ltd. Regulations*

These Acts and Regulations are available on the Department of Justice website[xi], and are accessible through the Legislation and Regulations[xii] section of the Agency's website.

Endnotes

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[i] **Canadian Transportation Agency**, http://www.otc-cta.gc.ca/eng/agency

[ii] **Transport Canada**, http://www.tc.gc.ca/eng/aboutus-aboutte.html

[iii] **Treasury Board Secretariat**, http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=18218&section=text

[iv] **Treasury Board Secretariat**, http://publiservice.tbs-sct.gc.ca/mrrs-sgrr/about-apropos/change-modification/docs/call-appel07-eng.asp

[v] **Public Works and Government Services Canada**, http://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/index-eng.html

[vi] **Canadian Transportation Agency**, **http://www.otc-cta.gc.ca/eng/publication/financial-statements-2013**

[vii] **Canadian Transportation Agency**, http://www.otc-cta.gc.ca/eng/publication/financial-statements-2013

[viii] **Canadian Transportation Agency**, http://www.otc-cta.gc.ca/eng/publication/departmental-performance-report-2012-2013-supplementary-information-tables

[ix] **Finance Canada**, http://www.fin.gc.ca/purl/taxexp-eng.asp

[x] **Canadian Transportation Agency**, http://www.otc-cta.gc.ca/

[xi] **Justice Canada**, http://laws-lois.justice.gc.ca/eng/

[xii] **Canadian Transportation Agency**, http://www.otc-cta.gc.ca/eng/legislation-and-regulations